

INNOVATION METRICS



Measuring and Monitoring your Innovation Performance

What is Innovation?

Innovation is officially defined, within the OECD, by the OECD Oslo Manual, (1997 updated from 1992, p.9). The definition has also been adopted by New Zealand's Department of Statistics. It is defined as:

1. the introduction of a new or significantly improved product or service to market
2. the introduction of a new or significantly improved process within a business

Although the OSLO Manual (1997) only describes two categories of innovation, it is important to note the importance of people and teams in creating an environment where innovation can flourish and improve. Taking a systems approach to measurement is essential in identifying areas for innovation improvement.

How do we measure Innovation Performance?

When measuring innovation performance there are two main areas that need to be considered;

1. the key characteristics, actions and behaviours that drive innovation
2. the performance of new and improved products and services, system and processes

The Innovation Monitor is designed to provide a measure of the key drivers of innovation and a measure of the innovations, new products, services, systems and processes that result. The Innovation monitor will;

- identify areas where you can **improve your innovation performance**
- **identify key drivers** that impact on your organisation's ability to drive business growth and increase performance through innovation
- identify and **measure innovation outputs** and outcomes
- **benchmark your results** against other organisations surveyed over time
- provide you with information to **build great environments** that embrace innovation practices and drive ROI
- form a **plan / strategy for improving innovation performance** across your organisation



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What does the Innovation Monitor measure?

The Innovation Monitor survey is made up of 11 key areas of performance measurement. These areas have been developed by analysing over 50 international innovation and performance improvement surveys and by spending years developing a deep understanding of innovation in action; both theory and practice.

The Innovation Monitor survey differs from most by measuring innovation as an interconnected system, not as a series of departmental silo's. We believe that measuring the system in this way will provide a more accurate view of innovation performance in your organisation.

We define Best Practice as; Key attributes within an organisations that help to increase its innovation performance;

- inspiring vision
- an open, receptive, questioning culture
- empowering people at all levels
- setting goals, deadlines and measurements for innovation
- creative techniques, generating large numbers of ideas
- review, combine, filter, evaluate and select ideas
- select, prototype and test
- analyse results, rollout projects
- feedback results into focused business strategy

The 11 key areas of innovation performance are;

1. Business Strategy:

The way in which an organisation develops, structures and communicates its strategy to its people and to external suppliers and partners is essential to the creation of an innovative environment. Information and knowledge is power. It is almost impossible to drive value through innovation without a focused strategy that everyone in the organisation understands.

2. Organisational Development:

Contributing to an organisations growth requires people to be motivated and proactive in their approach to work life. Motivation is often increased by setting and meeting challenging targets and goals as well as receiving recognition from others.



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3. Personal Development:

When motivating people within your organisation it is important to provide the right training and development that will support their learning needs and contribute to the organisations goals.

Part of this training may include developing healthy attitudes towards creativity and the acceptance of ideas, judgement and narrow thinking inhibits an organisations ability to grow and adapt to market changes. Inaction is also a barrier to this change.

4. Leadership:

Leading to empower encourages freedom of thought and provides room for new possibilities. Assisting staff by championing innovation projects and breaking down barriers to development is essential.

5. Knowledge Sharing and Communication

Knowledge is power! A lack of internal communication is one of the main barriers to organisational learning, growth and development.

6. Team Dynamics

The way the organisation is structured and the rules and philosophies it applies encourages or discourages team learning. Team learning is important in gaining a range of different perspectives and ideas.

Working together in a positive way increases communication, idea generation and creates a supportive and unrestricted environment where innovation can flourish.

7. Performance Improvement:

Improving performance is about understanding and defining what we can do better. Increases in innovation performance can be attributed to defining clear process that everyone in the organisation understands and can freely contribute to.

8. Research and Development:

Innovation can be used to understand and target new market opportunities that align to strategy, by creating new products and services that target those markets. Understanding and defining future opportunities for the organisation is important.

9. Customer Loyalty and Retention:

The customer is always right. As organisations we exist to meet the needs and demands of our customers. Are the products and services meeting those needs, wants and for ever changing desires? Can we improve our innovation performance to keep up with these changing demands?



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10. Value Measurement

We want to understand what financial value is generated from new products, services and systems and processes. Different measures of value drive different behaviours. Some of these behaviours encourage an innovative environment and some behaviours form barriers to innovation.

11. Portfolio Management:

Does your organisation track and analyse products and services that have been launched to market? Do you look for new gaps and opportunities in the market that you may not currently be taking advantage of? Portfolio Management is understanding and managing a portfolio of products and services that work together as a system to generate value for your organisation.